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BEFORE THE  
WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION  
WASHINGTON, D. C.  
ORDER NO. 419

IN THE MATTER OF:

Certification of D. C. Motor	)	Served December 11, 1964
Vehicle Fuel Tax Exemption	)	
for D. C. Transit System, Inc.,	)	
as Required by Public Law	)	
84-757, for the Twelve-Month	)	
Period Ended August 31, 1963.	)	

Public Law 84-757, approved July 24, 1956, which granted a franchise to D. C. Transit System, Inc., contained a provision exempting that Company from the D. C. motor vehicle fuel tax to the extent that the Company's net operating income falls below 6-1/2 percent of gross operating revenues (Sec. 4 and Sec. 9(a)(b)(c)). Public Law 88-212, approved December 18, 1963, transferred the responsibility for determining the exemption, if any, to the Washington Metropolitan Area Transit Commission.

In compliance with these laws, the Commission has made a determination regarding the Company's exemption from D. C. fuel tax for the twelve-month period ended August 31, 1963, based on its audit for that fiscal period. The pertinent calculations involved are summarized in Exhibit A, Schedule A-1, and Schedule A-2, attached.

Findings and Certification to the Commissioners of the District of Columbia

The Washington Metropolitan Area Transit Commission has found, and hereby certifies to the Commissioners of the District of Columbia, that:

(a) The net operating revenue of D. C. Transit System, Inc., (D. C.) for the twelve-month period ended August 31, 1963,

giving effect to the D. C. motor vehicle fuel tax which would be due but for the provisions of Section 9 (c) of Public Law 84-757, is \$1,056,321.62.

(b) A 6-1/2% return on the gross operating revenue for the twelve-month period ended August 31, 1963 (the test measure provided by Section 9(c) of Public Law 84-757), is \$1,937,856.55.

(c) The net operating revenue developed in (a) above is less than the test measure return developed in (b) above by \$881,534.93.

(d) Complete exemption from the D. C. motor vehicle fuel tax on mass transportation operations for the twelve-month period ended August 31, 1963, after giving consideration to the effect of such exemption on income taxes, will increase the net operating income of the Company to \$1,381,764.92.

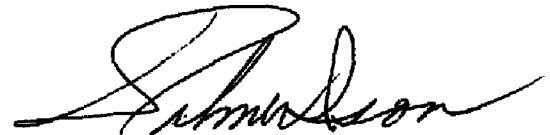
(e) The net operating income resulting in (d) above is equal to 4.63% of gross operating revenue, which is below the test measure return of 6-1/2% specified in Public Law 84-757, Section 9(c).

(f) D. C. Transit System, Inc. (D. C.), is therefore exempt from payment of the D. C. motor vehicle fuel tax on purchases of fuel made during the twelve-month period ended August 31, 1963, in the amount of \$530,210.34.

(g) D. C. Transit System, Inc. (D. C.), is not exempt from the D. C. motor vehicle fuel tax applicable to its limousine operations in the amount of \$2,346.54.

(h) The fuel tax liability certified in (g) above is due and payable by D. C. Transit System, Inc. (D. C.), as provided for in Section 9(c), Public Law 84-757.

FOR THE COMMISSION:



DELMER ISON  
Executive Director

SUMMARY OF D. C. FUEL TAX LIABILITY  
AND ITS EFFECT ON NET OPERATING  
REVENUE OF D. C. TRANSIT SYSTEM, INC. (D. C.)

FOR THE TWELVE-MONTH PERIOD ENDED AUGUST 31, 1963

I. Potential Fuel Tax Liability Subject to Exemption  
Under Public Law 84-757

Total Possible Fuel Tax Liability, based on Motor Fuel Purchased during the Period	\$ 533,721.84
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Portion applicable to the Limousine Business	\$2,346.54
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Portion applicable to "purposes other than motor vehicle use", exempt under Title 47, Section 1910 of the Code of the District of Columbia	<u>1,164.96</u>	<u>3,511.50</u>
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Potential Fuel Tax Liability Subject to Exemption under Public Law 84-757	<u>\$ 530,210.34</u>
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II. Determinations Required by Public Law 84-757

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|---|-----------------|
| (1) Per Section 9(c). "Net operating income for<br>twelve-month period" ended August 31, 1963,<br>including "as an operating expense the full<br>amount of the motor vehicle fuel tax which<br>would be due but for the provisions of this<br>section ...." | \$1,056,321.62  |
| (2) Per Section 9(b)(1). Gross operating rev-<br>enue of \$29,813,177.69 multiplied by 6-1/2%   | 1,937,856.55    |
| (3) Per Section 9(c). "Amount in dollars" by<br>which (1) above "exceeds or is less than a<br>6-1/2% rate of return for such twelve-month<br>period". (Less than a 6-1/2% rate of return)   | \$ (881,534.93) |

- (4) Per Section 9(c). Net operating income after excluding the entire potential fuel tax liability in the amount of \$530,210.34, "after taking into account the effect of such (fuel tax) reduction on the amount of the Federal income taxes and the D. C. franchise tax levied upon Corporate income ...." \$1,381,764.92
- (5) Relation of (4) above to gross operating revenue of \$29,813,177.69 4.63%

D. C. TRANSIT SYSTEM, INC. (D. C.)  
 CONDENSED OPERATING STATEMENTS  
 FOR THE TWELVE-MONTH PERIOD ENDING AUGUST 31, 1963

	Per		Allocations to the Company's Limousine Business	Operating Results Excluding D.C. Fuel Tax	Operating Results If D. C. Fuel Tax were Paid
	WMATC Audit	Allocation Method	Amount Allocated		
Operating Revenue	\$30,010,574.00	Note: A	\$197,396.31	\$29,813,177.69	\$29,813,177.69
Deductions from Oper- ating Revenue:					
Maintenance of Equip- ment & Garage Expense	5,240,264.56	A	22,163.83	5,218,100.73	5,218,100.73
Transportation Ex- pense	15,382,833.52	A	124,215.80	15,258,617.72	15,258,617.72
Traffic Promotion	423,517.71	A	34,429.27	389,088.44	389,088.44
Insurance & Safety	1,295,509.92	B	8,601.86	1,286,908.06	1,286,908.06
Employees' Welfare					
Costs	1,576,027.14	C	16,513.61	1,559,513.53	1,559,513.53
Operating Rents	90,819.11	D	678.25	90,140.86	90,140.86
Administrative & General Expense	1,661,338.74	C	17,407.51	1,643,931.23	1,643,931.23
Depreciation	2,685,383.48	A	33,935.39	2,651,448.09	2,651,448.09
Amortization of The Acquisition Adjust- ment	(1,028,859.44)	E	(5,444.72)	(1,023,414.72)	(1,023,414.72)
Provision for Track Removal & Repaving	348,065.26	C	3,647.03	344,418.23	344,418.23
Operating Taxes:					
Fuel	2,346.54	D	2,346.54	--	530,210.34
Other	743,368.91	A	7,868.65	735,500.26	735,500.26
Total Deductions From Operating Revenue, Ex- clusive of Income					
Taxes	28,420,615.45		266,363.02	28,154,252.43	28,684,462.77
Net Operating Revenue, before Income Taxes	1,589,958.55		(68,966.71)	1,658,925.26	1,128,714.92
Provision for Income Taxes	265,637.92		(11,522.42)	277,160.34	72,393.30
Net Operating Revenue	\$ 1,324,320.63		\$ (57,444.29)	\$ 1,381,764.92	\$ 1,056,321.62

Notes re Allocation Methods: (See Schedule A-2 for Development of Allocation Formulas)

A -- Directly allocated where appropriate; remainder on basis of Operators' Hours.

B -- Same as A, except for the Injuries and Damages Provision, which is allocated on the basis of Revenue.

C -- Allocated on basis of Operators' Hours.

D -- Directly allocated.

E -- Allocated on basis of depreciation charges, exclusive of limousine depreciation.

DEVELOPMENT OF ALLOCATION FORMULAS INVOLVING LIMOUSINE OPERATIONS  
OF D. C. TRANSIT SYSTEM, INC. (D. C.)  
FOR THE TWELVE-MONTH PERIOD ENDED AUGUST 31, 1963

<u>Operators' Hours</u>		<u>Allocation Percentages</u>
Limousine	34,098	1.0478%
Charter, Contract & Sightseeing	108,557	3.3360%
Mass Transit	<u>3,111,483</u>	<u>95.6162%</u>
TOTAL	<u>3,254,138</u>	<u>100.0000%</u>
<u>Revenue</u>		
Limousine Revenue	\$ 196,601.83	.6551%
Charter, Contract & Sightseeing Revenue	1,095,652.90	3.6509%
Mass Transit Revenue:		
D. C. Local	24,970,860.26	83.2069%
Other than D. C.	<u>3,747,459.01</u>	<u>12.4871%</u>
TOTAL	<u>\$30,010,574.00</u>	<u>100.0000%</u>
<u>Depreciation as Allocated by WMATC, exclusive of Depreciation on Limousines</u>		
Limousine Operations	\$ 14,106.43	.5292%
Charter, Contract & Sightseeing	90,013.59	3.3769%
Mass Transit -- D. C.	2,328,935.66	87.3716%
Other than D.C.	<u>232,498.84</u>	<u>8.7223%</u>
TOTAL	<u>\$ 2,665,554.52</u>	<u>100.0000%</u>